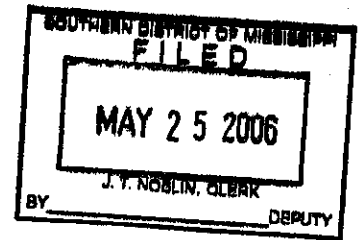


IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
WESTERN DIVISION



UNITED STATES OF AMERICA

CRIMINAL NO.

v.

5:06 cr 18 DCB-JCS

ROBERT C. ARLEDGE

18 U.S.C. § 371
18 U.S.C. § 1341
18 U.S.C. § 1343
18 U.S.C. § 1957
18 U.S.C. § 981(a)(1)(C)
18 U.S.C. § 982(a)(1)
28 U.S.C. § 2461(c)

The Grand Jury charges:

At all times relevant to each Count of this Indictment:

1. The Defendant, **ROBERT C. ARLEDGE** ("ARLEDGE"), was an attorney licensed to practice law in the states of Mississippi, Louisiana and Colorado. He maintained an office in Vicksburg, Mississippi, and was associated with the law firm of Schwartz & Associates located in Jackson, Mississippi.

2. Wyeth Pharmaceutical, formerly known as American Home Products Corporation ("AHP"), was and is a Delaware corporation, headquartered in Madison, New Jersey. AHP produced and distributed pharmaceuticals, including Redux and Pondimin, among other diet drugs.

3. "Fen-phen" was a term used to describe a combination of fenfluramine (marketed as Pondimin) and phentermine (variously marketed as Adipex, Fastin, Oby-Cap, Obenix, Oby-Trim, Zantryl, and Ionamine). Dexafenfluramine (marketed as Redux) included a phentermine. "Fen-phen" was prescribed for treatment of obesity.

4. In 1997, Pondimin and Redux were taken off the market after research revealed these diet drugs could cause heart valve regurgitation. Following the withdrawal of Pondimin and Redux,

numerous lawsuits were filed, nationwide, against AHP claiming damage from the drugs, including numerous lawsuits in Mississippi.

5. In the fall of 1999, a group of attorneys, including **ARLEDGE**, entered into a "Fen-Phen Co-Counsel Agreement" whose purpose was to set forth the allocation of attorneys' fees, costs and responsibilities of various attorneys regarding the litigation of fen-phen cases (hereafter "the first Co-Counsel Agreement"). The agreement stated the percentage of fees that each attorney would receive for each plaintiff who was successful in recovering damages from AHP for alleged or possible injuries due to ingestion of diet drugs manufactured by AHP. Pursuant to the first Co-Counsel Agreement, the more plaintiffs that **ARLEDGE** brought into the fen-phen lawsuits, the more attorney's fees he would make.

6. Also in the fall of 1999 and after the first Co-Counsel Agreement was executed, the signatories to that agreement entered into another "Fen-Phen Co-Counsel Agreement" (hereafter "the second Co-Counsel Agreement") which added additional attorneys. This second Co-Counsel Agreement, like the first agreement, provided that the more plaintiffs that **ARLEDGE** brought into the fen-phen lawsuits, the more attorney's fees he would make.

7. In 1999, a lawsuit was filed in the Circuit Court of Jefferson County, Mississippi, against AHP regarding the use of Pondimin and Redux under the caption Trina Washington v. American Home Products, Civil Action No. 99-0035. After a jury returned a \$150 million verdict, AHP agreed to a settlement in the Trina Washington case, commonly referred to as "fen-phen I," which resulted in the establishment of a "Diet Drugs Qualified Settlement Fund," to be administered by a court-appointed Special Master, for the purpose of making payments to qualifying plaintiffs.

8. After settling the Trina Washington case, AHP agreed to settle other Mississippi cases, commonly referred to as "fen-phen II," resulting in the establishment of the "Diet Drugs II Qualified Settlement Fund," from which millions of dollars were disbursed to qualifying plaintiffs by a court-appointed Special Master.

9. In order to qualify for payment from either the "Diet Drugs Qualified Settlement Fund," or the "Diet Drugs II Qualified Settlement Fund," plaintiffs were required to complete and sign a "Confidential Release, Indemnity and Assignment" and an "Opt-Out Form" excluding them from the "Nationwide Class Action Settlement Agreement and Release with American Home Products Corporation" established in November, 1999. In addition to these forms, qualifying plaintiffs were required to provide some form of proof showing they had been prescribed Pondimin and/or Redux. Each plaintiff was awarded a different settlement amount depending on the medical condition and the type of proof, if any, submitted in support of each claim.

10. Numerous plaintiffs, who are charged and uncharged co-conspirators, were awarded settlements based upon false information submitted by them or others showing that they had taken certain diet drugs when, in fact, they had not. **ARLEDGE** represented most of these plaintiffs and received a portion of his attorney's fees based upon these fraudulent claims being paid by the Special Master.

COUNT 1

THE CONSPIRACY

11. The allegations contained in paragraphs 1-10 of this indictment are hereby re-alleged and incorporated herein as if fully set forth in this paragraph.

12. From in or about January, 1999, and continuing to July, 2002, in Jefferson County in the Western Division of the Southern District of Mississippi and elsewhere, the defendant, **ROBERT C. ARLEDGE**, did knowingly and willfully conspire with others known and unknown to the Grand Jury to commit the following offenses against the United States:

- A. To knowingly devise a scheme or artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme or artifice, and attempting to do so, did place or cause to be placed in any post office or authorized depository for mail matter, documents to be sent or delivered by the Postal Service, or deposit or cause to be deposited documents to be sent or delivered by any private or commercial interstate carrier, in violation of Section 1341, Title 18, United States Code.
- B. To knowingly devise a scheme or artifice or intend to devise a scheme or artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, or promises and, for the purpose of executing the scheme and attempting to do so, did transmit or cause to be transmitted by means of wire or radio communications in interstate commerce, any writings, signals or sounds, in violation of Section 1343, Title 18, United States Code.

OBJECT OF THE CONSPIRACY

13. It was an object of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, would submit false information to the Special Master for the purpose of obtaining fraudulent settlement payments to plaintiffs from the "Diet Drugs Qualified Settlement Fund" and the "Diet Drugs II Qualified Settlement Fund."

14. It was an object of the conspiracy that **ARLEDGE** would cause a law firm in Texas to pay him attorney's fees, a portion of which were derived from numerous plaintiffs receiving fraudulent settlement payments from the "Diet Drugs Qualified Settlement Fund" or the "Diet Drugs II Qualified Settlement Fund."

15. It was further an object of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, were seeking to enrich themselves and others at the expense of AHP and to the detriment of claimants who actually suffered injury caused by the ingestion of the diet drugs Redux or Pondimin.

MANNER AND MEANS

16. It was a part of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, caused to be created false and fraudulent prescriptions, copies of pharmacy records, and copies of medical records to support the fraudulent claims of plaintiffs **ARLEDGE** represented in the diet drug lawsuits.

17. It was further a part of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, transmitted or caused to be transmitted to AHP and others, by facsimile and the mails, documents with names of clients whose claims were based on false and fraudulent documents showing that these plaintiffs had used either Redux or Pondimin when in fact they had not.

18. It was further a part of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, falsely and fraudulently represented to the court-appointed Special Master and others that certain plaintiffs had received prescriptions for, purchased, and used Redux or Pondimin, when in truth and in fact these plaintiffs had not received prescriptions for, purchased, or used the named diet drugs.

19. It was further a part of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, caused to be completed, and signed the "Settlement Disclosure to

Clients” and “Confidential Release, Indemnity and Assignment” forms in order for numerous fraudulent plaintiffs to receive payment from the settlement funds.

20. It was further a part of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, used the United States Postal Service, private and commercial interstate carriers, and interstate wires, to accomplish the purposes of the conspiracy.

21. It was further a part of the conspiracy that **ARLEDGE** and others, known and unknown to the Grand Jury, caused the Special Master to award plaintiffs fraudulent monetary settlements from the Diet Drugs Qualified Settlement Fund and the Diet Drugs II Qualified Settlement Fund, and for **ARLEDGE** to be paid his attorney’s fees based on these false and fraudulent claims.

OVERT ACTS

In furtherance of the unlawful conspiracy and in order to accomplish the objectives therein, the conspirators committed certain overt acts in Jefferson County, in the Western Division of Southern District of Mississippi and elsewhere, including but not limited to, the following:

22. On or about May 14, 1999, **ARLEDGE** caused a letter to be sent from Schwartz & Associates in Jackson, Mississippi, to a law firm in Houston, Texas, that listed fifteen residents of Fayette, Mississippi, including but not limited to Sabrena Johnson, Eva Johnson, Lillie M. Walker, Regina Green, Evelyn Malone, and Lizzie Hammett, as “new Jefferson County Fen Phen cases.”

23. On or about June 25, 1999, **ARLEDGE** caused a letter to be sent from Schwartz & Associates in Jackson, Mississippi, to another law firm in Jackson, Mississippi that listed fifteen plaintiffs from Fayette, Mississippi, including but not limited to plaintiffs Yvonne Wright, Cora L. Durrell, Oric A. Lewis, Deborah Ellis, Mary Dent, Samuel Johnson, Ethel Fountain, Bettye Wolfe

and Robert Buie who were identified by **ARLEDGE** as “anchor plaintiffs in the Jefferson County fen-phen litigation.”

24. On or about February 3, 2000, **ARLEDGE** caused a letter to be sent from Schwartz & Associates in Jackson, Mississippi, to a law firm in Houston, Texas, enclosing false pharmacy records for Regina Green, Bettye Wolfe, Lillie Walker, Ethel Fountain, Mary Dent, John Frye, Yvonne Wright, Evelyn Malone, Lizzie Hammett, Deborah Ellis, Oric Lewis and Bridget Jackson, falsely reflecting that each of these plaintiffs had taken Redux or Pondimin.

25. On or about February 17, 2000, **ARLEDGE** caused a letter to be sent from the Southern District of Mississippi, to a law firm in Houston, Texas, falsely stating that his law firm had discussed the “Settlement Disclosure” document with each of 191 fen-phen I clients.

26. On or about July 9, 2000, **ARLEDGE** caused the Special Master to award \$250,000.00 less attorney’s fees and expenses to Robert Buie, a fraudulent plaintiff, resulting in **ARLEDGE** receiving a portion of \$100,000.00 in attorney’s fees to which he was not entitled.

27. On or about July 10, 2000, **ARLEDGE** caused the Special Master to award \$250,000.00 each, less attorney’s fees and expenses, to fraudulent plaintiffs Mary Dent, Cora Durrell, Deborah Ellis, Ethel Fountain and John Frye, resulting in **ARLEDGE** receiving a portion of \$500,000.00 in attorney’s fees to which he was not entitled.

28. On or about July 11, 2000, **ARLEDGE** caused the Special Master to award \$250,000.00 each, less attorney’s fees and expenses, to fraudulent plaintiffs Regina Green, Lizzie Hammett, Bridget Jackson, Sabrena Johnson, Samuel Johnson, Oric Lewis and Evelyn Malone resulting in **ARLEDGE** receiving a portion of \$700,000.00 in attorney’s fees to which he was not entitled.

29. On or about July 14, 2000, **ARLEDGE** caused the Special Master to award \$250,000.00, less attorney's fees and expenses, to fraudulent plaintiff Lillie Walker resulting in **ARLEDGE** receiving a portion of \$100,000.00 in attorney's fees to which he was not entitled.

30. On or about July 15, 2000, **ARLEDGE** caused the Special Master to award \$250,000.00, less attorney's fees and expenses, to fraudulent plaintiff Yvonne Wright resulting in **ARLEDGE** receiving a portion of \$100,000.00 in attorney's fees, to which he was not entitled.

31. On or about July 26, 2000, **ARLEDGE** caused a Frost National Bank check in the amount of \$2,184,215.25 to be sent from Houston, Texas to Jackson, Mississippi as a portion of his attorney's fees from the fen-phen I settlement.

32. On or about August 14, 2000, **ARLEDGE** caused a Frost National Bank check in the amount of \$936,092.25 to be sent from Houston, Texas to Jackson, Mississippi, as a portion of his attorney's fees from the fen-phen I settlement.

33. On or about February 15, 2001, **ARLEDGE** caused to be transmitted from a law firm in Denver, Colorado to a law firm in Houston, Texas, a document containing a list of eighty-two (82) names of fen-phen II **ARLEDGE** plaintiffs who were described as having submitted "highly questionable" proof of their use of the diet drugs.

34. On or about March 20, 2001, **ARLEDGE** caused a letter to be faxed from Schwartz & Associates to a law firm in Houston, Texas, containing false information about a Schwartz & Associates employee, Norma Foster, in an effort to qualify Foster for the fen-phen II settlement.

35. On or about March 20, 2001, **ARLEDGE** caused a letter to be faxed from Schwartz & Associates to a law firm in Houston, Texas, containing a falsified medical record in an effort to qualify a plaintiff for the fen-phen II settlement.

36. On or about March 22, 2001, **ARLEDGE** caused the Special Master to award a fraudulent plaintiff \$826,000.00, less attorney's fees and expenses, resulting in **ARLEDGE** receiving a portion of \$330,400.00 in attorney's fees to which he was not entitled.

37. On or about March 23, 2001, **ARLEDGE** caused a Frost National Bank check in the amount of \$1,341,374.81 to be sent from Houston, Texas to Jackson, Mississippi, as a portion of his attorney's fees from the fen-phen II settlement.

38. On or about March 26, 2001, an unindicted co-conspirator sent documents from Laurel, Mississippi, to a law firm in Houston, Texas, consisting of false medical records for nine (9) plaintiffs showing that they had been prescribed the diet drug Redux.

39. On or about April 13, 2001, **ARLEDGE** caused a Frost National Bank check in the amount of \$1,335,126.30 to be sent from Houston, Texas, to Jackson, Mississippi, as a portion of his attorney's fees from the fen-phen II settlement.

40. On or about April 26, 2001, **ARLEDGE** caused the Special Master to award \$213,000.00 to fraudulent plaintiff Annie Hadley Clayton and \$120,000.00 to fraudulent plaintiff Robert Tennie, less attorney's fees and expenses, resulting in **ARLEDGE** receiving a portion of \$133,200.00 in attorney's fees to which he was not entitled.

41. On or about June 4, 2001, **ARLEDGE** caused the Special Master to award \$320,000.00, less attorney's fees and expenses, to fraudulent plaintiff Dairy Strickland, resulting in **ARLEDGE** receiving a portion of \$128,000.00 in attorney's fees to which he was not entitled.

42. On or about June 7, 2001, **ARLEDGE** caused the Special Master to award \$120,000.00, less attorney's fees and expenses, to fraudulent plaintiff Carrie Taylor resulting in **ARLEDGE** receiving a portion of \$48,000.00 in attorney's fees to which he was not entitled.

43. On or about July 10, 2001, **ARLEDGE** caused the Special Master to award a fraudulent plaintiff \$488,000.00, less attorney's fees and expenses, resulting in **ARLEDGE** receiving a portion of \$195,200.00 in attorney's fees to which he was not entitled.

44. On or about January 7, 2002, **ARLEDGE** caused a Frost National Bank check in the amount of \$275,000.00 to be sent from Houston, Texas to Jackson, Mississippi, as a portion of his attorney's fees from the fen-phen I settlement.

45. On or about July 10, 2002, **ARLEDGE** caused the Special Master to award Regina Green, Samuel Johnson, Evelyn Malone, Deborah Ellis and Oric Lewis \$4,763.57 each as final payment from the reserve and interest of the Diet Drugs Settlement Fund.

46. On or about July 15, 2002, **ARLEDGE** caused the Special Master to award Lillie Walker and Lizzie Hammett \$4,763.57 each as final payment from the reserve and interest of the Diet Drugs Settlement Fund.

47. On or about July 16, 2002, **ARLEDGE** caused the Special Master to award Yvonne Wright \$4,763.57 as final payment from the reserve and interest of the Diet Drugs Settlement Fund.

All in violation of Section 371, Title 18, United States Code.

COUNTS 2-5

The allegations contained in paragraphs 1-10 of this indictment are hereby realleged and incorporated herein as if fully set forth in this paragraph.

48. From on or about January, 1999, and continuing to in or about July, 2002, in Jefferson County, in the Western Division of the Southern District of Mississippi and elsewhere, defendant **ARLEDGE**, aided and abetted by others known and unknown to the Grand Jury, did knowingly

devise and intend to devise a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and did send and cause to be sent through the Postal Service or through a private or commercial interstate Carrier, certain writings, for the purpose of executing the scheme and artifice to defraud.

49. It was a part of the scheme and artifice that **ARLEDGE** and others, known and unknown to the Grand Jury, caused to be created false and fraudulent prescriptions, copies of pharmacy records, and copies of medical records to support the fraudulent claims of plaintiffs **ARLEDGE** represented in the diet drug lawsuits.

50. It was further a part of the scheme and artifice that **ARLEDGE** and others, known and unknown to the Grand Jury, falsely and fraudulently represented to the court-appointed Special Master and others that certain plaintiffs had received prescriptions for, purchased, and used Redux or Pondimin, when in truth and in fact these plaintiffs had not received prescriptions for, purchased, or used the named diet drugs.

51. It was further a part of the scheme and artifice that **ARLEDGE** and others sent or caused to be sent to a law firm in Houston, Texas, false and fraudulent documents in support of the claims of fraudulent plaintiffs to enable them to receive money from the Diet Drugs Qualified Settlement Fund and the Diet Drugs II Qualified Settlement Fund, and to enable **ARLEDGE** to be paid attorney's fees based on these falsified claims.

52. On or about the dates set forth below, for the purpose of executing the scheme and in furtherance of the scheme, or attempting to do so, **ARLEDGE** did cause to be placed in the United States mail, or place for delivery by a private or commercial interstate carrier, to be delivered from a law firm in Houston, Texas, to a place within the Southern District of Mississippi, payments

from a "Client Trust Account" that represented a portion of **ARLEDGE's** attorney's fees from the fen-phen II settlement:

COUNT	DATE	DESCRIPTION	AMOUNT
2	July 13, 2001	Check No. 5581	\$459,969.89
3	July 19, 2001	Check No. 5616	\$185,233.23
4	July 25, 2001	Check No. 5657	\$142,282.64
5	August 24, 2001	Check Nos. 5706 and 5717	\$ 3,719.16

All in violation of Sections 1341 and 2, Title 18, United States Code.

COUNTS 6 - 8

The allegations contained in paragraphs 1-10 of this indictment are hereby realleged and incorporated herein as if fully set forth in this paragraph.

53. From in or about January, 1999, and continuing to in or about July, 2002, in Jefferson County, in the Western Division of the Southern District of Mississippi and elsewhere, defendant **ARLEDGE**, aided and abetted by others known and unknown to the Grand Jury, did knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and did transmit and cause to be transmitted by means of wire, in interstate commerce, certain signs, signals, and sounds for the purpose of executing the scheme and artifice to defraud.

54. It was a part of the scheme and artifice that **ARLEDGE** and others, known and unknown to the Grand Jury, caused to be created false and fraudulent prescriptions, copies of pharmacy records, and copies of medical records to support the fraudulent claims of plaintiffs **ARLEDGE** represented in the diet drug lawsuits.

55. It was further a part of the scheme and artifice that **ARLEDGE** and others, known and unknown to the Grand Jury, falsely and fraudulently represented to the court-appointed Special Master and others that certain plaintiffs had received prescriptions for, purchased, and used Redux or Pondimin, when in truth and in fact these plaintiffs had not received prescriptions for, purchased, or used the named diet drugs.

56. It was further a part of the scheme and artifice that **ARLEDGE** and others sent or caused to be sent through interstate commerce by facsimile, certain documents in support of the claims of fraudulent plaintiffs to enable them to receive money from the Diet Drugs Qualified Settlement Fund and the Diet Drugs II Qualified Settlement Fund, and to enable **ARLEDGE** to be paid attorney's fees based on these falsified claims.

57. On or about dates set forth below, for the purpose of executing the scheme and in furtherance of the scheme, **ARLEDGE** caused to be transmitted by means of wire or radio communications in interstate commerce, certain writings, signals or sounds, namely facsimiles, to and from the Southern District of Mississippi, as more fully described below:

COUNT	DATE	LOCATION	DESCRIPTION
6	7/23/01	Jackson to Houston	Facsimile of letter enclosing releases for plaintiffs
7	11/12/01	Houston to Jackson	Facsimile of letter enclosing list of plaintiffs for whom releases are needed to process attorneys' fees payments

COUNT	DATE	LOCATION	DESCRIPTION
8	6/27/02	Jackson to Houston	Facsimile enclosing wiring instructions for Diet Drugs and Diet Drugs II Qualified Settlement Funds

All in violation of Sections 1343 and 2, Title 18, United States Code.

COUNTS 9 -34

58. On or about the dates set forth below, in Jefferson County in the Southern District of Mississippi and elsewhere, the defendant, **ARLEDGE**, aided and abetted by others known and unknown to the Grand Jury, knowingly engaged and attempted to engage in numerous monetary transactions by, through, or to a financial institution, affecting interstate commerce, in criminally derived property that was of a value greater than \$10,000.00, that is transferring funds by using checks or debits to purchase various items as more fully described below, such funds being derived from a specified unlawful activity, that is mail fraud and/or wire fraud as set forth below:

Count	Date	Financial Institution	Transfer of Funds	Amount	Description
9	6/25/01	AmSouth	Ck. No. 1002	\$ 58,930.00	House
10	7/17/01	AmSouth	Ck. No. 1003	\$121,743.82	House
11	8/14/01	AmSouth	Ck. No. 1006	\$187,589.16	House
12	8/30/01	AmSouth	Ck. No. 0093	\$ 29,255.00	Car
13	9/13/01	AmSouth	Ck. No. 1008	\$126,487.21	House
14	9/24/01	AmSouth	Debit	\$ 39,492.39	Credit Card
15	10/16/01	AmSouth	Ck. No. 1009	\$ 70,331.11	House

Count	Date	Financial Institution	Transfer of Funds	Amount	Description
16	10/18/01	AmSouth	Debit	\$ 38,987.81	Car
17	11/14/01	AmSouth	Ck. No. 1010	\$ 65,900.26	House
18	11/26/01	AmSouth	Ck. No. 5286	\$100,000.00	Furniture
19	12/12/01	AmSouth	Debit	\$ 35,662.98	Credit Card
20	1/13/02	AmSouth	Ck. No. 5390	\$ 12,295.56	Charter Plane
21	1/13/02	AmSouth	Ck. No. 5403	\$ 12,450.25	Charter Plane
22	1/29/02	AmSouth	Debit	\$ 38,882.00	Credit Card
23	2/12/02	AmSouth	Ck. No. 5462	\$ 30,539.75	Charter Plane
24	2/12/02	AmSouth	Ck. No. 5472	\$ 50,000.00	Drapes
25	2/14/02	AmSouth	Debit	\$ 40,912.68	Credit Card
26	3/05/02	AmSouth	Ck. No. 1015	\$ 59,897.00	Drapes
27	3/05/02	AmSouth	Ck. No. 1016	\$138,261.87	Furniture
28	3/06/02	AmSouth	Ck. No. 1017	\$ 89,000.00	Landscaping
29	3/24/02	AmSouth	Ck. No. 1021	\$105,609.72	House
30	4/01/02	AmSouth	Ck. No. 5586	\$ 26,328.63	Charter Plane
31	4/11/02	AmSouth	Ck. No. 1027	\$ 84,524.03	House
32	4/12/02	AmSouth	Ck. No. 765338565	\$ 30,752.20	New Orleans Saints Skybox
33	4/29/02	AmSouth	Debit	\$ 30,000.00	Credit Card
34	5/15/02	AmSouth	Ck. No. 1038	\$ 64,372.38	House

All in violation of Sections 1957 and 2, Title 18, United States Code.

COUNT 35

NOTICE OF FORFEITURE

59. As a result of the offenses alleged in Counts 1 through 8, the defendant, **ARLEDGE**, shall forfeit to the United States, pursuant to 18 U.S.C. §§ 981(a)(1)(C) and 28 U.S.C. § 2461(c) all property, real and personal, involved in the aforesaid offenses and all property traceable to such property, including but not limited to:

a. Approximately \$8 million in United States Currency and all interest and proceeds thereto, in that such sum in aggregate is property which was involved in the aforesaid offenses or is traceable to such property, in violation of Sections 371, 1341, 1343, and 981, Title 18, and Section 2461, Title 28, United States Code.

b. If any of the property described above as being subject to forfeiture, as a result of any act or omission of any defendant –

- (1) Cannot be located upon the exercise of due diligence;
- (2) Has been transferred or sold to or deposited with a third person;
- (3) Has been placed beyond the jurisdiction of the Court;
- (4) Has been substantially diminished in value; or
- (5) Has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Section 982(b)(1) Title 18, United States Code, to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property, that is approximately \$8 million.

All in violation of Sections 981(a)(1)(C), Title 18, and 2461(c), Title 28, United States Code.

COUNT 36

NOTICE OF FORFEITURE

60. As a result of the offenses alleged in Counts 9 through 34, the defendant, **ARLEDGE**, shall forfeit to the United States, pursuant to 18 U.S.C. §982(a)(1), all property, real and personal, involved in the aforesaid offenses and all property traceable to such property, including but not limited to:

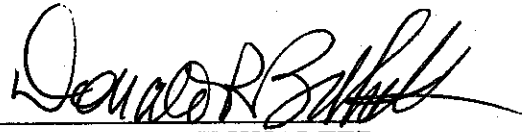
a. Approximately \$8 million in United States Currency and all interest and proceeds thereto, in that such sum in aggregate is property which was involved in the aforesaid offenses or is traceable to such property, in violation of Section 1957, Title 18, United States Code.

b. If any of the property described above as being subject to forfeiture, as a result of any act or omission of any defendant –

- (1) Cannot be located upon the exercise of due diligence;
- (2) Has been transferred or sold to or deposited with a third person;
- (3) Has been placed beyond the jurisdiction of the Court;
- (4) Has been substantially diminished in value; or
- (5) Has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Section 982(b)(1) Title 18, United States Code, to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property, that is approximately \$8 million.

All in violation of Section 982(a)(1), Title 18, United States Code.



DONALD R. BURKHALTER
Acting United States Attorney

A TRUE BILL:

s/ Signature

Deputy Foreperson of the Grand Jury